

SRF 34253 - 30

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re: The Financial Oversight and Management Board for Puerto Rico, as representative of the Commonwealth of Puerto Rico	Case No.: <u>17-bk-3283-LTS</u>
Debtor	
The Financial Oversight and Management Board for Puerto Rico, as representative of the Commonwealth of Puerto Rico, et al.,	Chapter: <u>PROMESA Title III</u>
Plaintiffs	
v.	
Juan G. Ortiz De La Renta, et al.,	Adv. Proc. No.: <u>19-00293</u>
Defendants	

SUMMONS IN AN ADVERSARY PROCEEDING**To:**

Anne Farley
101 Central Park West 14E
New York, NY 10023

YOU ARE SUMMONED and required to file a motion or answer to the complaint which is attached to this summons with the clerk of the district court within 30 days after the date of issuance of this summons, except that the United States and its officers and agencies shall file a motion or answer to the complaint within 35 days. The answer or motion must be served on the plaintiff or plaintiff's attorneys, whose names and addresses are:

PROSKAUER ROSE LLP Attn: Brian Rosen Eleven Times Square New York, New York 10036	O'NEILL & BORGES LLC Attn: Hermann D. Bauer 250 Muñoz Rivera Ave., Suite 800 San Juan, PR 00918-1813	PAUL HASTINGS LLP Attn: Luc A. Despins, Esq. 200 Park Avenue New York, New York 10166	CASILLAS, SANTIAGO & TORRES LLC Attn: Juan J. Casillas Ayala, Esq. PO Box 195075 San Juan, Puerto Rico 00919-5075
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If you make a motion, your time to answer is governed by Fed. R. Bankr. P. 7012.

If you fail to respond to this summons, your failure will be deemed to be your consent to entry of a judgment by the district court and judgment by default may be taken against you for the relief demanded in the complaint.

FRANCES RIOS DE MORAN, ESQ.
 CLERK OF COURT Digitally signed



by CT

Date: 2019.07.11

12:37:45 -04'00'

Signature of Clerk or Deputy Clerk

Date: 07/11/2019

**FINANCIAL OVERSIGHT AND MANAGEMENT BOARD
FOR PUERTO RICO**



José B. Carrión III
Chair

Members

Andrew G. Biggs
Carlos M. García
Arthur J. González
José R. González
Ana J. Matosantos
David A. Skeel, Jr.

Natalie A. Jaresko
Executive Director

BY ELECTRONIC MAIL

August 27, 2018

Mr. Raul Maldonado
Chief Financial Officer
La Fortaleza
San Juan, PR 00902

Dear Mr. Maldonado:

In accordance with the contract review policy of the Financial Oversight and Management Board for Puerto Rico (“FOMB”) established pursuant to Section 204(b)(2) of PROMESA, we have reviewed the contracts for Advertisement, Representation or Artistic Services (the “Contracts”) between each of the Department of Treasury^[1], Authority for the Convention District^[2], the Economic Development Bank^[3] and the Commission for the Transit Security^[4] (collectively “the Agencies”) and KOI Americas, LLC (“KOI”).

After reviewing the Contracts, the FOMB concludes “Approved with Observations” because the FOMB has identified areas of risk that may require action from the Agencies. It is Agencies’ responsibility to take corrective action based on the observations provided and proceed with the Contracts as it sees fit. Observations related to the Contracts’ alignment with the Fiscal Plan are set forth in the Appendix A attached hereto.

Please note that our review is solely limited to the compliance of the Contracts with the applicable fiscal plan and no other matters. For the avoidance of doubt, the review performed by the FOMB does not cover a legal review of the contractual documentation or the contracting process, including without limitation: (i) compliance with contracting requirements under applicable laws, rules, and regulations, both federal and local and (ii) compliance with applicable laws, rules, and regulations governing procurement activities, both federal and local. In addition, the FOMB has not engaged in any due diligence or background check with respect to the contracting parties nor

^[1] Contracts 2019-000055, 2019-000090 and 2019-000091.

^[2] Contract 2019-000007.

^[3] Contract 2019-000034.

^[4] 2018-000048.

Mr. Maldonado
August 27, 2018
Page 2 of 4

whether the contracting parties comply with the requirements under the applicable contract. Any material change to the Contracts must be submitted beforehand to the FOMB for its review.

This letter is delivered as of the date hereof and we reserve the right to provide additional observations and modify this letter based on information not available when the review was conducted.

This letter is issued only to the Agencies and solely with respect to the Contracts.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jaime A. El Koury', with a stylized flourish at the end.

Jaime A. El Koury
General Counsel

CC: Christian Sobrino Vega
José Marrero Rosado
Claudia Pérez Rolón
Francisco Peña Montañez

Mr. Maldonado
August 27, 2018
Page 3 of 4

Appendix A

Various – KOI LLC

Fiscal Plan Alignment

This review covers the following six contracts between KOI Americas LLC (“KOI”) and the four governmental entities listed below:

- Contract #2019-002055 – Department of Treasury - \$750,000 for active communication to taxpayers and stakeholders
- Contract #2019-002090 – Department of Treasury - \$2,250,000 for marketing related to the traditional lottery
- Contract #2019-002091 – Department of Treasury - \$7,705,000 for marketing related to the electronic lottery
- Contract #2019-000007 – Authority of the Convention District - \$150,000 for implementing advertising in different markets
- Contract #2019-000034 – Economic Development Bank - \$95,000 for advertising services
- Contract #2019-000048 – Commission for Transit Security - \$1,864,446 for road safety media campaigns

Although the contracts have been executed, we understand that the contracts have been put on hold pending this formal review from FOMB.

The submission from the Commission for Transit Security states that the funds for its contract will come from federal sources. The other contract submissions state that the contracts will be covered under items budgeted for the FY19.

The Fiscal Plan does not go into the level of detail of savings at the cost category level, however, there are operational expenditures (“OPEX”) savings associated with each entity in the FY19 budget, as listed below:

- Department of Treasury - \$9.4M
- Authority of the Convention District - \$1.7M
- Commission for Transit Security - \$0.1M

FOMB requires that these savings targets be met and if savings are not generated through these contracts, they will have to be generated in subsequent contracts and/or other OPEX savings. However, we observe that the OPEX savings measures grow year on year to the following levels:

Department of Treasury – yearly savings target grows on annual basis to: \$16.1M FY20, \$23M FY21, \$23.3M FY22, \$23.5M FY23

Mr. Maldonado
August 27, 2018
Page 4 of 4

Authority of the Convention District - yearly savings target grows on an annual basis to: \$3.5M FY20, \$5.4M FY21, \$5.5M FY22, \$5.6M FY23

Commission for Transit Security - yearly savings target grows on an annual basis to: \$0.3M FY20, \$0.4M FY21, \$0.4M FY22, \$0.4 FY23

While the listed contracts do not introduce material risk to the Government's ability to satisfy the Fiscal Plan commitments and requirements, the required savings as outlined above will have to be fulfilled.

This contract review was conducted on the basis of information submitted by the Government of the Commonwealth of Puerto Rico. The Financial Oversight and Management Board for Puerto Rico has not independently verified the information included in the submission. Should FOMB become aware of any inaccuracies or misrepresentations – whether intentional or not – it would re-evaluate its assessment.

7/21/2019

Office of the Comptroller of Puerto Rico | Consultation of the Registry of Contracts

Consultation of the Registry of Contracts

Search criteria

Government entity Select an entity	Contract No. <input type="text"/>	Contractor koi
Service Category Select a service category	Type of service Select a service type	Amount \$ <input type="text"/> \$ <input type="text"/>
Date of Grant Desde - Hasta	Effective date 01/07/2016 - 21/07/2019	

Frequent Searches - All Entities

Results

To show 100 records

Contract No.	Contractors	Awarded in	Valid since	Validity Until	Amount	Type of service
2020-000007	KOI Americas LLC	Jun 28, 2019	01 / Jul / 2019	Jun 30, 2020	\$ 100,000.00	ADVERTISING SERVICES
2019-PRH058	KOI AMERICAS, LLC	Aug. 28/2018	Aug. 28/2018	Jun 30, 2019	\$ 25,000.00	PUBLIC RELATIONS SERVICES
2019-PPP01 +	KOI AMERICAS, LLC	08 / Sep / 2018	08 / Sep / 2018	Jun 30, 2019	\$ 2,200,000.00	PUBLIC RELATIONS SERVICES
2019-000559	KOI AMERICA DBA IXS	Jun 21, 2019	Jun 21, 2019	21 / Sep / 2019	\$ 0.00	ASSIGNMENT OF PUBLICATION, TRAI
2019-00028 +	KOI AMERICAS, LLC	Oct. 22, 2018	Oct. 22, 2018	Dec. 31, 2018	\$ 92,360.20	ADVERTISING SERVICES
2019-00009 +	KOI AMÉRICAS, LLC	21 / Dec / 2018	21 / Dec / 2018	Jun 30, 2019	\$ 2,150,000.00	ADVERTISING SERVICES
2019-000091	KOI AMERICAS, LLC	Jul 23/2018	Jul 23/2018	Jun 30, 2019	\$ 7,705,000.00	ADVERTISING SERVICES
2019-000090	KOI AMERICAS, LLC	Jul 23/2018	Jul 23/2018	Jun 30, 2019	\$ 2,250,000.00	ADVERTISING SERVICES
2019-000078	KOI AMERICAS, LLC	Oct. 31/2018	Oct. 31/2018	Jun 30, 2019	\$ 665,000.00	PUBLIC RELATIONS SERVICES
2019-00007 +	KOI AMERICAS, LLC	Oct 01/2018	Oct 01/2018	Sep / 30/2019	\$ 552,507.00	ADVERTISING SERVICES
2019-00007 +	KOI AMERICAS, LLC	Aug 20/2018	Aug 20/2018	Jun 30, 2019	\$ 500,000.00	ADVERTISING SERVICES
2019-000074	KOI AMERICAS, LLC	Sep. 28/2018	Oct 01/2018	Sep / 30/2019	\$ 200,000.00	ADVERTISING SERVICES
2019-000059	KOI AMERICAS, LLC	07 / Aug / 2018	07 / Aug / 2018	Jun 30, 2019	\$ 300,000.00	ADVERTISING SERVICES
2019-00005 +	KOI AMERICAS, LLC	Jul 23/2018	Jul 23/2018	Jun 30, 2019	\$ 250,000.00	ADVERTISING SERVICES
2019-00005 +	KOI AMERICAS, LLC	10 / Aug / 2018	10 / Aug / 2018	Jun 30, 2019	\$ 388,800.00	ADVERTISING SERVICES
2019-000048	KOI AMÉRICAS, LLC	Aug 08/2018	Aug 08/2018	Jun 30, 2019	\$ 2,000,000.00	ADVERTISING SERVICES
2019-000036	KOI AMERICAS, LLC	Aug. 17, 2018	Aug. 17, 2018	Jun 30, 2019	\$ 264,000.00	ADVERTISING SERVICES
2019-000034	KOI AMERICAS, LLC	Jul 30/2018	Jul 30/2018	Jun 30, 2019	\$ 95,000.00	ADVERTISING SERVICES
2019-00000 +	KOI Americas LLC	Jul 25, 2018	Jul 25, 2018	Jun 30, 2019	\$ 150,000.00	ADVERTISING SERVICES

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Consultation of the Registry of Contracts

7/21/2019

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2018-00016 +	KOI AMERICAS, LLC	Oct. 18, 2017	Oct. 18, 2017	Jun 30/2018	\$ 269,525.00	ADVERTISING SERVICES
2018-000128	KOI AMERICAS, LLC	Sep / 29/2017	Sep / 29/2017	Jun 30/2018	\$ 190,799.99	ADVERTISING SERVICES
2018-00008 +	KOI AMERICAS, LLC	21 / Aug / 2017	21 / Aug / 2017	Dec. 31, 2017	\$ 79,999.50	ADVERTISING SERVICES
2018-00005 +	KOI AMERICAS, LLC	Jul 10, 2017	Jul 10, 2017	Jun 30/2018	\$ 233,280.00	ADMINISTRATIVE CONSULTING
2018-00005 +	KOI AMERICAS, LLC	Jul 10, 2017	Jul 10, 2017	Jun 30/2018	\$ 155,520.00	ADMINISTRATIVE CONSULTING
2018-00004 +	KOI AMERICAS, LLC	01 / Nov / 2017	01 / Nov / 2017	Sep. 30/2018	\$ 90,000.00	ADVERTISING SERVICES
2018-00004 +	KOI AMERICAS, LLC	Jul 01, 2017	Jul 01, 2017	Jun 30/2018	\$ 7,876,700.00	ADVERTISING SERVICES
2018-00003 +	KOI AMERICAS, LLC	Aug. 14, 2017	Aug. 14, 2017	Jun 30/2018	\$ 30,000.00	PUBLIC RELATIONS SERVICES
2018-00001 +	KOI Arise Corp.	06 / Oct / 2017	06 / Oct / 2017	Dec. 31, 2017	\$ 48,000.00	ADVERTISING SERVICES
2017-000823	KOI AMERICAS, LLC	May 04/2017	May 04/2017	Jun 30, 2017	\$ 40,000.00	ADVERTISING SERVICES
2017-000348	KOI ARISE CORP. h / n / c KOI AMERICAS	13 / Feb / 2017	13 / Feb / 2017	Jun 30, 2017	\$ 250,000.00	ADVERTISING SERVICES
2017-000220	KOI AMERICAS, LLC	Mar. 13/2017	Mar. 13/2017	Jun 30, 2017	\$ 2,350,000.00	ADVERTISING SERVICES
2017-00020 +	KOI AMERICAS, LLC	Mar. 29/2017	Mar. 29/2017	Jun 30, 2017	\$ 145,000.00	ADVERTISING SERVICES
2017-00015 +	KOI AMERICAS, LLC	Jun 15, 2017	Jun 15, 2017	Sep / 30/2017	\$ 350,000.00	ADVERTISING SERVICES
2017-000141	KOI ARISE CORP. H / N / C KOI AMERICAS	Apr / 21/2017	Apr / 21/2017	Jun 30, 2017	\$ 265,000.00	PUBLIC RELATIONS SERVICES
2017-000120	KOI AMERICAS, LLC	Mar. 31/2017	Mar. 31/2017	Jun 30, 2017	\$ 53,000.00	PUBLIC RELATIONS SERVICES
2017-00011 +	KOI AMERICAS, LLC	03 / Apr / 2017	03 / Apr / 2017	Sep / 30/2017	\$ 662,981.52	ADVERTISING SERVICES
2017-000107	KOI AMERICAS, LLC	04 / Apr / 2017	04 / Apr / 2017	Jun 30, 2017	\$ 17,250.00	ECONOMIST SERVICES
2017-000095	KOI ARISE CORP	Jan / 31/2017	01 / Feb / 2017	Jun 30, 2017	\$ 108,000.00	ADVERTISING SERVICES
2017-000094	KOI ARISE CORP	Jan / 31/2017	01 / Feb / 2017	Jun 30, 2017	\$ 72,000.00	ADVERTISING SERVICES
2017-000091	KOI ARISE CORP.	07 / Feb / 2017	07 / Feb / 2017	Sep / 30/2017	\$ 282,000.00	ADVERTISING SERVICES
2017-000072	KOI ARISE CORP.	12 / Apr / 2017	12 / Apr / 2017	Jun 30, 2017	\$ 7,500.00	ADVERTISING SERVICES
2017-00006 +	KOI Arise Corp.	28 / Feb / 2017	28 / Feb / 2017	Jun 30, 2017	\$ 48,000.00	ADVERTISING SERVICES
2017-000056	KOI Americas LLC	Mar / 01/2017	Mar / 01/2017	Jun 30, 2017	\$ 30,000.00	PUBLIC RELATIONS SERVICES
2017-000052	KOI AMERICAS, LLC	May 09/2017	May 09/2017	Jun 30, 2017	\$ 250,000.00	ADVERTISING SERVICES

Showing records from 1 to 45 of a total of 45 records

Previous **one** Following